Fast Facts
CALIFORNIA DEPARTMENT OF HEALTH SERVICES
MC4

CALIFORNIA PARTNERSHIP FOR LONG-TERM CARE

The California Partnership for Long-Term Care (Partnership) is a program within the California Department of Health Services. The three major goals of the Partnership are to educate consumers about the risks and costs of long-term care and the available financing options; improve the quality of long-term care insurance policies available to Californians; and offer affordable, quality insurance protection for Californians at risk of becoming impoverished by long-term care expenses.

Long-term care differs from other health care services and is typically not covered under health insurance policies, HMO plans, or Medicare. Long-term care is personal care, such as help with bathing, eating, or dressing that is required over a lengthy period of time. Long-term care can range from simple assistance with activities in an individual's own home or a residential care facility, or it can mean more skilled care in a nursing home.

The Partnership was established as a demonstration project on July 29, 1994. Recent legislation extended the Partnership through January 1, 2005.

How the Partnership Works

The Partnership is an innovative public-private alliance between consumers, the State of California, and selected private insurance companies, as well as the Public Employees Retirement System (PERS). The Partnership endorses high quality, affordable long-term care insurance policies to modest and middle income Californians – those at highest risk of becoming impoverished due to the high costs of long-term care.

The Partnership's goal is to educate modest and middle income Californians about the risks and costs of long-term care. It is anticipated that this heightened awareness will result in the purchase of long-term care insurance, thereby reducing the number of people becoming impoverished as a result of spending down their assets to meet the Medi-Cal criteria to pay for their long-term care expenses. Most importantly, it allows individuals to maintain control of their lives, medical decisions, and finances.

The Partnership has established certain standards and consumer protections that partner insurer companies must include in Partnership-approved long-term care insurance policies. Partnership insurance policies are created, priced, and marketed by approved insurers only. Also, Partnership policies can only be sold by licensed insurance professionals who complete additional training to sell these policies.

Who Pays For Long-Term Care?

Half of all women and a third of all men who are 65 years of age and above will spend some time in a nursing home during their last months or years of life. While just over half will spend a year or less, about a fifth will actually spend five years or more. One year of care in a California facility currently costs about $51,000. In 15 years, that cost is expected to double to more than $100,000 per year.

Medicare pays very little of the expenses associated with long-term care. Also, Medigap insurance policies or individual health insurance policies typically do not cover long-term care either. Thus, without a long-term care insurance policy, individuals must pay for their long-term care expenses out of their own pocket – from their personal or family savings or income. If the cost of such care impoverishes an individual, Medi-Cal will pay for the cost of long-term care, but only after a person's assets have been spent.

Each year, many Californians are forced to "spend down" their life savings in order to provide long-term care for themselves or a loved one. Medi-Cal currently pays about 65 percent of all long-term care. The Congressional Subcommittee on Aging reports that 70 to 80 percent of residents in nursing homes today spend their assets on care within one year.

What Is Unique About the California Partnership?

In four states – California, Connecticut, New York, and Indiana – consumers can purchase Partnership long-term care insurance protection. This unique form of protection allows a person to keep some or all of their assets. This feature, only available in a Partnership-approved policy, is called "asset protection".

How Does Asset Protection Work?

To qualify for Medi-Cal to cover the costs of long-term care, individuals must spend down virtually all of their savings until they are considered at poverty level. However, individuals who have purchased a Partnership policy will be able to retain savings and other investments equal to the amount their private insurance pays out for long-term care. For example, if an individual has a two-year long-term care policy, but actually needs five years of care, their policy will pay benefits for two years (say, equal to $100,000) and Medi-Cal will allow them to keep $100,000 of their assets when determining their eligibility for Medi-Cal coverage for the remaining years.

Do Partnership Policies Cost More?

Partnership policies are priced by each of the partner insurance companies. In general, a Partnership policy will cost the same as a traditional policy with the same benefits and features. The asset protection feature provided by the state does not increase the cost of insurance.

In addition to the unique asset protection feature, a Partnership policy also has built-in inflation protection. This feature is offered as an option with a non-Partnership policy. Inflation-protected Partnership policies automatically increase the annual amount of benefits so the coverage keeps pace with the rising cost of care.

Who Currently Offers Partnership Policies?

Current insurers offering a long-term care insurance policy approved by the Partnership are: Bankers Life and Casualty, CNA Insurance, GE Financial Assurance, John Hancock Life Insurance, New York Life Insurance, CalPERS Long-Term Care Program, and Transamerica Occidental Life Insurance.

How Can Consumers Get More Information?

The Partnership has produced consumer booklets that offer a simple explanation of the Partnership program and its special features. Consumers can obtain copies by calling the Partnership's consumer inquiry line at 1-800-CARE-445. For more information, consumers can visit the Partnership's Web site at www.dhs.ca.gov/cpltc.